TAX HELP
FOR OLDER PEOPLE

Record Keeping

The end of winter is in sight and with spring on its way you may be thinking of a spring clean soon! But what should you keep and what can you throw away?

Savings, investments and pensions

You should keep all:

- bank/building society statements and passbooks
- statements of interest and income from other savings and investments
- tax deduction certificates from your bank
- dividend vouchers received from UK companies and unit trusts
- documents that show the profits you've made from life insurance policies (called 'chargeable event certificates')
- details of income from a trust
- details of any out-of-the ordinary income you've received, such as from an inheritance
- form P160 (Part 1A) which you got when your pension started
- form P60 which your pension provider sends you every year
- any other details of a pension (including State Pension) and any tax deducted from it

Rental income

You should keep details of:

- the dates when you let out your property
- all rent received
- any income from services you give to tenants (for example: if you charge for maintenance or repairs)
- rent books, receipts, invoices and bank statements
- allowable expenses you pay to run your property (for example: services you pay for such as cleaning/gardening, repairs, insurance, letting fees)

Overseas income

You should keep:

- evidence of income you've earned from overseas, such as payslips, bank statements or payment confirmations
- receipts for any overseas expenses you want to claim
- dividend certificates from overseas companies
- certificates or other proof of the tax you've already paid - either in the UK or overseas

Penalties

- You should keep your records for at least 22 months after the end of the tax year a tax return is for
- You should keep your records for at least 15 months after you send a tax return

A penalty of up to £3,000 may be charged for each failure to keep or to preserve adequate records in support of a tax return.

Where record keeping failures come to light during the course of HMRC enquiries, they are likely to be a factor to be taken into consideration in determining the extent to which any penalties are to be abated in respect of other offences. A penalty will normally be sought only in serious cases, for example, where there has been a history of record-keeping failures or records have been destroyed deliberately to obstruct an enquiry. The amount of any penalty will depend on the nature of the offence.

The taxpayer has the right of appeal against the determination of any such penalty.

HMRC will investigate further back the more serious they think a case could be. If they suspect deliberate tax evasion, they can investigate as far back as **20 years**. More commonly, investigations into careless tax returns can go back **6 years** and investigations into innocent errors can go back up to **4 years**.

So although there is no requirement to keep records longer, it is advisable to keep your paperwork for at least 4 years.

Gift Aid donations

Keep records if you:

- pay higher rate tax
- claim tax credits
- get a higher Personal Allowance because of your age
- get Married Couple's Allowance

If you're claiming tax back through your Self-Assessment tax return or by asking HMRC to amend your tax code, keep records showing the date, the amount and which charities you've donated to.

Land, buildings and shares

For sales/donations of land, property or shares, you need to keep:

- legal documents showing the sale or transfer
- any documents from a charity asking you to sell land or shares on its behalf

Inheritance Tax

Gifts are not counted towards the value of your estate after 7 years. You should keep a list of relevant gifts made, with your will.

Well, we hope this helps, and happy organising!

This article is by Tax Help for Older People Registered Charity no 1102276 (Scotland no SC045819), offering free tax advice to older people on incomes below £20,000 a year. The Helpline number is 01308 488066.